



ROGERS SUGAR INCOME FUND

ANNUAL REPORT 2001

Rogers Sugar Income Fund

QUARTERLY DISTRIBUTIONS

(in thousands of dollars, except amounts per unit)		ACTUAL 2001		ACTUAL 2000	
	\$	Per Unit	\$	Per Unit	
First Quarter	\$ 7 886	\$.1900	7 886	\$.1900	
Second Quarter	4 150	.1000	8 301	.2000	
Third Quarter	4 151	.1000	8 508	.2050	
Fourth Quarter	4 151	.1000	7 886	.1900	
Total	\$ 20 338	\$.4900	32 581	\$.7850	

COVER PHOTO

During the year Rogers introduced new products and repositioned a number of existing ones, all featuring exciting, new packaging and design concepts. Among the new introductions were Muscovado and Plantation Raw Cube.

This was followed by the highly successful launch of Organic Sugar during the Summer of 2001. Organic Sugar was an immediate hit while the others are establishing themselves in the refined sugar market as sales volumes increase consistently. For additional information please see page 16.

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Rogers Sugar Income Fund

M E S S A G E T O U N I T H O L D E R S

ROGERS SUGAR INCOME FUND'S (THE "FUND") INTEREST INCOME DECREASED IN FISCAL 2001.

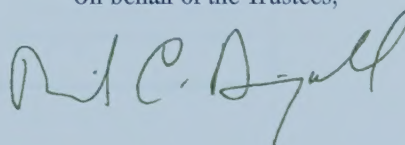
During the fiscal year ended September 30, 2001, the Fund received \$20,800,000 interest income from Rogers Sugar Ltd. ("Rogers"), the operating Company of the Fund. After deducting administrative costs, the Fund distributed \$20,337,801 (\$0.4900 per unit) to unitholders during the year, \$0.2950 per unit less than last year. In March 2001, the Fund reduced its quarterly distribution to \$0.1000 per unit per quarter, which it maintained throughout the year.

Interest income received by the Fund from Rogers decreased mainly as a result of higher energy costs and lower sugar beet output from the Taber plant. The production shortfall from Taber was made up in Vancouver but at a higher average cost and with increased distribution expenses.

Future distributions to unitholders are dependent upon Rogers' earnings and cash flows. In fiscal 2002, it is expected that the average cost of production will rise due to the lower crop in Taber. A severe drought in southern Alberta limited the beet acreage to less than 29,000 acres, from a level of over 42,000 acres last year. The shortfall in Taber's production will be made up in Vancouver, where capacity is available, but the operating Company will again incur higher distribution costs. The Company's revenue will also be negatively impacted by a decrease in by-products sales. Some of this will be partially offset by lower energy costs and improved margins in the export segment.

For the convenience of unitholders, we are pleased to include the 2001 Annual Report of Rogers in this document, commencing on page 13.

On behalf of the Trustees,



David C. Dingwall, P.C., Q.C.
Chairman

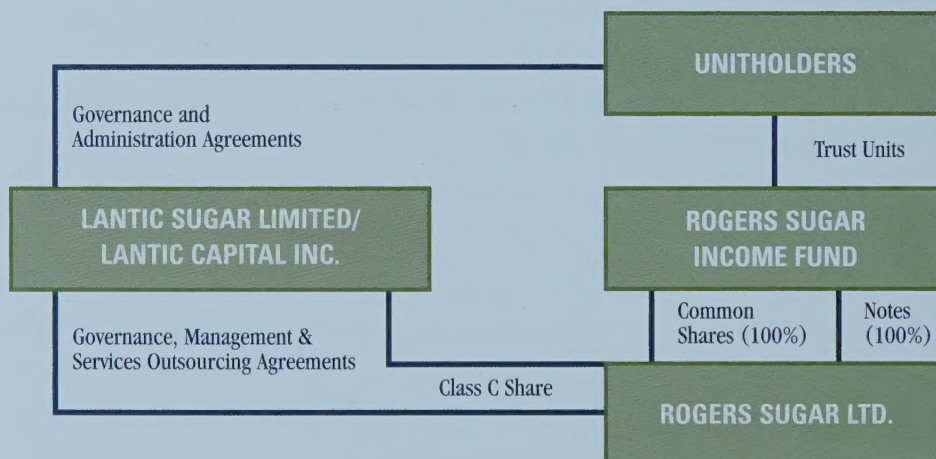
Overview

THE FUND

THE FUND, AN OPEN-ENDED, LIMITED PURPOSE TRUST ESTABLISHED UNDER THE LAWS OF THE PROVINCE OF ONTARIO, WAS CREATED TO HOLD ALL OF THE COMMON SHARES AND SUBORDINATED NOTES (THE "NOTES") OF ROGERS, THE LEADING REFINER, PROCESSOR, DISTRIBUTOR AND MARKETER OF REFINED SUGAR IN WESTERN CANADA.

The Fund commenced operations on October 8, 1997, with the issue of 41,504,800 units. Net proceeds of the offering were used to acquire all of the Common Shares and Notes of Rogers. During the year ended September 30, 2001, a further 4,307 units were issued under the Distribution Reinvestment Program (the "DRIP") which was introduced in March 2001. At September 30, 2001 a total of 41,509,107 units were outstanding. Income derived from the Fund from these investments, net of expenses, is distributed to unitholders of the Fund on a quarterly basis.

The following chart illustrates the primary, the structural and contractual relations between the unitholders, the Fund, Rogers, Lantic Sugar Limited and Lantic Capital Inc.



GOVERNANCE

The Declaration of Trust of the Fund provides that the Trustees may in respect of the assets, activities and affairs of the Fund, exercise any and all rights, powers and privileges that could be exercised by a legal and beneficial owner.

The Fund is governed by not less than three nor more than seven Trustees who are appointed annually at the annual general meeting of the unitholders. At present, there are five Trustees.

The Trustees are responsible for, among other things: acting for, voting on behalf of and representing the Fund as a shareholder and noteholder of Rogers; maintaining records and providing reports to unitholders; supervising the activities and managing the investments and affairs of the Fund; and effecting payments of distributable cash from the Fund to unitholders.

Communication with unitholders on matters relating to the Fund is primarily the responsibility of the Administrator, Lantic Sugar Limited, through its Chief Executive Officer and Chief Financial Officer. Regular meetings and discussions are held between these individuals and industry analysts, brokers, institutional investors, as well as other interested parties.

DISTRIBUTION AND TAXATION

The Fund is required to distribute to the unitholders, on a quarterly basis, interest and dividend income received from Rogers, less the Fund's administrative expenses.

The Fund is a taxable trust under the Income Tax Act (Canada) and is subject to taxation on its income for the year, less the portion paid or payable to unitholders. As anticipated, all income should be paid to unitholders in the year received, and as such, the Fund should have no taxable income.

Amounts paid or payable by the Fund, in a calendar year, are taxable in the hands of the unitholders as interest and dividend income, as the case may be.

Management's Discussion and Analysis

GENERAL

The following discussion and analysis should be read in conjunction with the financial statements of the Fund and of the operating Company, Rogers.

RESULTS OF OPERATIONS

Total cash distribution declared to unitholders for the year ended September 30, 2001 was \$20.3 million (\$0.4900 per unit). This distribution was \$0.295 less than last year's. All distributions were interest income to the unitholders. Administration expenses were similar to last year.

LIQUIDITY AND CAPITAL RESOURCES

The Fund's operating cash flows are generated entirely from interest on the Notes and dividends or return of capital of Rogers. Quarterly distributions are made to unitholders based on the cash received less working capital requirements for administrative expenses.

On an on-going basis, the Fund does not require capital resources to maintain its investment in Rogers.

OUTLOOK

The Fund is totally dependent upon Rogers for cash availability for distribution. The annual interest payment on the Notes varies with the performance of the operating Company, Rogers. Dividends received on the common shares will fluctuate with Rogers' results and its requirements for maintenance capital expenditures, bank financing and working capital requirements.

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Rogers Sugar Income Fund and all the information in this annual report pertaining to the Fund are the responsibility of management and have been approved by the Trustees.

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

Management is also responsible for maintaining systems of internal and administrative controls to provide reasonable assurance that the Fund's assets are safeguarded, that transactions are properly executed in accordance with appropriate authorization and that the accounting systems provide timely, accurate and reliable financial information.

The Trustees are responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Trustees perform this responsibility at meetings where significant accounting, reporting and internal control matters are discussed, and the financial statements and annual report are reviewed and approved.

Financial statements have been audited by KPMG LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the unitholders. The Auditors' Report outlines the scope of their examination and their independent professional opinion on the fairness of these financial statements.



Dallas H. Ross
Trustee

November 2, 2001



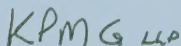
James S.A. MacDonald
Trustee

Auditors' Report to the Unitholders of the Rogers Sugar Income Fund

We have audited the balance sheets of Rogers Sugar Income Fund as at September 30, 2001 and 2000 and the statements of earnings and distributable cash, unitholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at September 30, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



KPMG LLP
Chartered Accountants
Montréal, Canada
November 2, 2001

Balance Sheets

SEPTEMBER 30, 2001 AND 2000

(in thousands of dollars)

	2001	2000
ASSETS		
Current assets:		
Cash	\$ 43	\$ 19
Other current assets	10	7
Receivable from Rogers Sugar Ltd.	4,400	8,000
	4,453	8,026
Investment in Rogers Sugar Ltd. (note 3):		
Investment in common shares	102,701	102,701
Subordinated notes	278,261	278,261
Equity in loss and amortization of purchase price discrepancy less dividends	(94,252)	(72,682)
	286,710	308,280
	\$ 291,163	\$ 316,306
LIABILITIES AND UNITHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 342	\$ 216
Distribution payable to unitholders (note 5)	4,151	7,886
	4,493	8,102
Unitholders' equity	286,670	308,204
	\$ 291,163	\$ 316,306

See accompanying notes to financial statements.

Approved by the Trustees:



Dallas H. Ross
Trustee



James S. A. MacDonald
Trustee

Statements of Earnings and Distributable Cash

YEARS ENDED SEPTEMBER 30, 2001 AND 2000

(in thousands of dollars, except amounts per trust unit)

	2001	2000
Interest income	\$ 20,800	\$ 32,000
Equity in loss of Rogers Sugar Ltd.	(12,928)	(11,640)
Amortization of Fund's purchase price discrepancy	(8,642)	(8,665)
	(770)	11,695
Expenses		
Administration costs	443	439
Net (loss) earnings	(1,213)	11,256
Add:		
Equity in loss of Rogers Sugar Ltd.	12,928	11,640
Amortization of Fund's purchase price discrepancy	8,642	8,665
	21,570	20,305
Distributable cash	\$ 20,357	\$ 31,561
Net (loss) earnings per trust unit	\$ (0.03)	\$ 0.27
Distributable cash per trust unit	\$ 0.49	\$ 0.76

Statements of Unitholder's Equity

YEARS ENDED SEPTEMBER 30, 2001 AND 2000

(in thousands of dollars)

	2001	2000
Balance, beginning of year	\$ 308,204	\$ 329,530
Net (loss) earnings for the year	(1,213)	11,256
Distributions (note 5)	(20,338)	(32,582)
Issuance of trust units (note 4)	17	-
Balance, end of year	\$ 286,670	\$ 308,204

See accompanying notes to financial statements.

Statements of Cash Flows

YEARS ENDED SEPTEMBER 30, 2001 AND 2000

(in thousands of dollars)

	2001	2000
Cash flows from operating activities:		
Distributable cash	\$ 20,357	\$ 31,561
Increase in non-cash working capital	3,723	-
	24,080	31,561
Cash flows from financing activities:		
Distributions to unitholders	(24,073)	(31,544)
Issuance of trust units (note 4)	17	-
Return of capital (note 5)	-	(1,038)
	(24,056)	(32,582)
Cash flows from investing activities:		
Return of capital	-	1,038
Net increase in cash	24	17
Cash, beginning of year	19	2
Cash, end of year	\$ 43	\$ 19

See accompanying notes to financial statements.

Notes to Financial Statements

YEARS ENDED SEPTEMBER 30, 2001 AND 2000

(tabular amounts expressed in thousands of dollars)

1. FORMATION OF FUND:

Rogers Sugar Income Fund (the "Fund") is an open-ended, limited purpose trust created under the laws of Ontario by a declaration of trust made as of September 15, 1997 as amended and restated on September 30, 1997 (the "Declaration of Trust"). An unlimited number of trust units may be issued pursuant to the Declaration of Trust.

The Fund has been established to own 100% of the common shares ("Common Shares") and \$278,260,870 principal amount of subordinated notes ("Notes") of Rogers Sugar Ltd. ("Rogers"). To finance these investments, the Fund issued 41,504,800 trust units for net proceeds of \$382 million.

While the Fund owns all of the issued Common Shares, Lantic Capital Inc., owner of the Class C share of Rogers, is entitled to designate three of Rogers' five directors. Accordingly, Rogers does not meet the definition of a subsidiary for accounting purposes and the Fund accounts for its investment from the effective date of the acquisition, October 8, 1997, using the equity method. Under this method, the cost of the investment is increased (decreased) by Rogers' earnings (loss) and reduced by the amortization of the excess of the purchase price over the net book value of the acquired shares (purchase price discrepancy), any dividends paid to the Fund by Rogers and repurchases of the Common Shares held by the Fund.

2. SIGNIFICANT ACCOUNTING POLICIES:

These financial statements have been prepared in accordance with accounting policies generally accepted in Canada.

(a) Amortization of purchase price discrepancy:

The excess of the Fund's cost of its investment in the Common Shares and Notes over the net book value at the date of acquisition has been allocated to goodwill which is amortized on a straight-line basis over 20 years.

Management regularly evaluates the net carrying value of its investment including goodwill for possible impairment in value. Impairment would be recognized if the net carrying value was not expected to be recovered in the future. Such evaluations include a comparison of current and anticipated operating earnings of Rogers and unamortized goodwill balance and amortization amounts, assessment of future operating trends and consideration of regulatory environment, sweetener market trends and other relevant factors. The basis for measurement of this recovery is management's expectation of Rogers' future non-discounted operating cash flow.

(b) Income taxes:

The Fund is a unit trust for income tax purposes. As such, the Fund is only taxable on any taxable income not allocated to the unitholders. As substantially all taxable income will be allocated to the unitholders, no provision for income taxes on earnings of the Fund has been made in these financial statements. Income tax liability relating to distributions from the Fund are the obligations of the unitholders.

(c) Distributions to unitholders:

Distributions to unitholders are made on a quarterly basis. The amount of cash to be distributed annually to unitholders is equal to the total of interest income earned on the Notes, dividends received from Rogers and any repurchases of Common Shares by Rogers, less any administrative expenses incurred by the Fund and amounts that may be paid in connection with any cash redemption of units or amounts required for the operation of the Fund.

Notes to Financial Statements

YEARS ENDED SEPTEMBER 30, 2001 AND 2000

(tabular amounts expressed in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(d) Use of estimates:

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates are related to goodwill and the rate for amortization. Actual results could differ from those estimates.

(e) Financial instruments:

The carrying value of cash, other current assets, accounts receivable from Rogers, accounts payable and accrued liabilities and distributions payable to unitholders, approximates fair values based on the short-term maturity of these instruments. The fair value of the subordinated notes is not practicable to determine given the many factors, terms and conditions that would influence such a determination.

3. INVESTMENT IN ROGERS SUGAR LTD.:

The Fund has an investment in Rogers Sugar Ltd. made up of the following:

	2001	2000
41,504,800 common shares	\$ 102,701	\$ 102,701
Subordinated notes	278,261	278,261
	<u>\$ 380,962</u>	<u>\$ 380,962</u>

During fiscal 2000, the investment in Rogers Sugar Ltd. was reduced by \$1,037,620 as a result of a return of capital. The number of outstanding shares remained unchanged. The 41,504,800 shares represent 100% of Rogers' issued common shares.

The Notes mature on October 15, 2027. The Notes bear interest at a variable rate based on Rogers earnings before interest, taxes, depreciation and amortization (EBITDA), and working capital requirements, subject to a ceiling of 11.5%, and a floor of 6% per annum, payable quarterly (2000 - fixed rate of 11.5%). The Fund may defer the payment of interest on the Notes for up to 18 months to the extent that its EBITDA, less any interest and principal paid on the Credit Facility, are inadequate to pay the interest on the Notes. During the year ended September 30, 2001, the Fund earned interest of \$20.8 million (\$32 million in 2000) on the Notes.

From time to time, the Board of Directors of Rogers and, if the Fund holds, directly or indirectly, at least 25% of the aggregate principal amount of outstanding Notes, the Trustees, shall jointly review Rogers' facilities and operations, the economic conditions relating to the sugar industry and the business prospects of Rogers. If this review, in the opinion of either the Board of Directors of Rogers or the Trustees, indicates that it is unlikely that the indebtedness

Notes to Financial Statements

YEARS ENDED SEPTEMBER 30, 2001 AND 2000

(tabular amounts expressed in thousands of dollars)

of Rogers evidenced by the Notes could be refinanced on the same terms and conditions upon maturity of the Notes, then Rogers shall commence principal repayments on the Notes such that the Notes are fully repaid on or before the Maturity Date or reduced to the level which the Board of Directors of Rogers and the Trustees are of the opinion could be so refinanced. In that event, the available cash of Rogers will be utilized to the extent required to fund such repayments in lieu of returns of capital on Common Shares or dividends on, or other distributions in respect of Common Shares. Except as aforesaid, the Notes will not be redeemable at the option of Rogers or by the holders thereof prior to maturity.

The Fund has determined its purchase price discrepancy, representing the excess of the purchase price of the Fund's investment in the Common Shares and Notes over the related net book value of Rogers, at the date of acquisition to be \$172.8 million. The Fund's purchase price discrepancy has been ascribed to its investment in Common Shares and has been amortized as follows:

	2001		2000	
	Purchase price discrepancy	Accumulated amortization	Net book value	Net book value
Goodwill	\$ 172,833	\$ 34,425	\$ 138,408	\$ 147,050

4. TRUST UNITS:

An aggregate of 41,509,107 (2000 - 41,504,800) Trust Units of Rogers Sugar Income Fund have been issued. Each Trust Unit represents an equal undivided beneficial interest in the net assets of the Fund. Each Trust Unit is transferable, entitles the holder thereof to participate equally in distributions of the Fund and to one vote for each Trust Unit held at all meetings of unitholders. Unitholders are not subject to future calls or assessments.

	2001		2000	
	Number of units	Amount	Number of units	Amount
Trust Units, beginning of year	41,504,800	\$ 380,962	41,504,800	\$ 380,962
Issued during the year	4,307	17	-	-
Trust Units, end of year	41,509,107	\$ 380,979	41,504,800	\$ 380,962

During the year, the Fund issued 4,307 units at a value of approximately \$17,000 by way of its Distribution Reinvestment Plan.

Notes to Financial Statements

YEARS ENDED SEPTEMBER 30, 2001 AND 2000

(tabular amounts expressed in thousands of dollars, except amounts per trust unit)

5. DISTRIBUTIONS TO UNITHOLDERS:

During the year ended September 30, 2001, the Fund declared distributions to unitholders of \$20,337,801 (2000 - \$32,581,268) or \$0.49 (2000 - \$0.785) per unit. The amounts and record dates of the distributions were:

		2001		2000	
Record date	Amount	Amount per unit	Amount	Amount per unit	
December 31	\$ 7,886	\$ 0.19	\$ 7,886	\$ 0.190	
March 31	4,150	0.10	8,301	0.200	
June 30	4,151	0.10	8,508	0.205	
September 30	4,151	0.10	7,886	0.190	
	\$ 20,338	\$ 0.49	\$ 32,581	\$ 0.785	

The September 30 distribution was paid on October 15, 2001 (2000 - October 13, 2000). The distributions declared have been allocated as follows for income tax purposes:

		2001		2000	
	Amount	Amount per unit	Amount	Amount per unit	
Interest income	\$ 20,338	\$ 0.49	\$ 31,543	\$ 0.760	
Return of capital	-	-	1,038	0.025	
Total distribution	\$ 20,338	\$ 0.49	\$ 32,581	\$ 0.785	

6. ADMINISTRATION AGREEMENT:

In 1997, the Fund entered into an Administration Agreement with Lantic Sugar Limited ("Lantic"). Under the terms of the agreement, Lantic is responsible for the administration and management of the Fund. Under the Administration Agreement, Lantic earns a fee of \$50,000 per annum. The agreement is still in place at the end of fiscal 2001.

Rogers Sugar Ltd.

R E P O R T T O T H E S H A R E H O L D E R S

FISCAL 2001 WAS A DIFFICULT YEAR FINANCIALLY FOR ROGERS, AS THE COST OF ENERGY INCREASED SIGNIFICANTLY AND BEET YIELD AND CONTENT WERE LOWER, DUE MAINLY TO A SEVERE THREE-DAY FROST EARLY IN THE HARVEST.

Distributable cash flow from operations was \$19.9 million, a decrease of \$11.9 million from last year. Energy costs accounted for almost \$9.5 million of this negative variance. The price of natural gas increased drastically in the first five months of the year, when most of the natural gas is used. Our hedging program, put in place in the Spring of 2000, mitigated part of that increase, but prices were almost double that of the previous year for each of the Vancouver and Taber facilities. Usage was also slightly higher as the beet slicing campaign was longer than anticipated.

In fiscal 2001, we had beet acreage of 42,000, 2,500 less than the previous year, with a higher yield per acre. This resulted in a total beet harvest of 920,000 tonnes, approximately 80,000 tonnes more than the previous year. A severe three-day frost in early October 2000 impacted the beet sugar content and the quality of beets. As a result, beets did not store well once harvested. This, combined with the main generator breakdown in mid-October, which reduced the slicing capacity by almost 20% for the two months it was under repair, lengthened the slicing campaign and increased beet deterioration, which reduced sucrose content. For the year, the Taber plant produced 113,200 metric tonnes, slightly less than the previous year.

It should be noted that the Taber plant operated very efficiently prior to the generator breakdown and after the repairs were completed. The plant reached its nominal slice rate of 6,000 tonnes per day in the second week of start-up and averaged well over 6,000 in the first two weeks of October, until one of the two main generators suddenly failed.

The Vancouver plant's available capacity was again used, as Taber had a lower sugar output. Vancouver's production output was increased to ensure supply to all our western customers.

During the fiscal year, Rogers launched three new products and repositioned two others. Firstly, as announced last year, Rogers launched Muscovado sugar and Cube Plantation Raw in the Fall of 2000. In the Summer of this year, Rogers introduced Organic Sugar. All of these new products also involved new packaging and innovative designs. Secondly, two other products, Plantation Raw and Plantation Individual Services, were repositioned with new packaging and designs. These new products form a revamped line of specialty products to attract and meet customers' tastes and demands.

In November 2000, the Canadian International Trade Tribunal (the "CITT") continued for a further five years, the anti-dumping and countervailing duties on imports of refined sugar from the United States and the European Union. Renewal of these duties was important to Rogers because they restrict unfair competition from sugar imports from these countries.

In April 2001, the Canadian government signed a bilateral Free-Trade Agreement with Costa Rica, which includes the phase-out of the present 8% duty on imports of refined sugar to Canada. In addition, starting in 2003, Costa Rica will gain duty free access for 20,000 tonnes of refined sugar to Canada, gradually increasing to 40,000 tonnes by 2010. This poses a threat to Rogers and the Canadian refiners who did not receive meaningful access to the Costa Rican market and will be left with no protection against such imports.

Rogers' management and the Canadian refiners, through the Canadian Sugar Institute (the "CSI"), are working diligently in informing government officials of the dangers and risks to the Canadian sugar industry posed by such bilateral agreements and, in particular, the impending trade negotiations with the four other Central American countries.

The acreage for fiscal 2002 is approximately one-third less than fiscal 2001, due mainly to a severe drought in southern Alberta. With the water reservoir at extremely low levels, the irrigation authorities could only commit to approximately half of the water required for a beet crop. Under these conditions, and with the uncertainty of natural precipitation, a number of growers elected not to grow beets for the fiscal 2002 harvest. It is estimated that the total harvest will be approximately 525,000 tonnes, which should derive slightly more than 75,000 tonnes of sugar. The Vancouver plant will again make up for the production shortfall from Taber.

Rogers followed its energy hedging program and hedged most of its natural gas requirements for fiscal 2002 in the Spring of 2001. The average price is slightly lower than last year. Overall, fiscal 2002 will be another challenging year, but we will continue to aggressively defend our market share in our core business and improve our operational efficiencies. These measures will ensure our growth in the future.

On behalf of the Board of Directors,



Seth M. Mersky
Chairman



Pierre G. Côté
President and CEO

Operational Review

ROGERS IS THE LEADING REFINERY, PROCESSOR, DISTRIBUTOR AND MARKETER OF SUGAR PRODUCTS IN WESTERN CANADA. BEING IN THE BUSINESS FOR OVER 100 YEARS, IT OPERATES TWO SUGAR PROCESSING FACILITIES: A CANE SUGAR REFINERY IN VANCOUVER, BRITISH COLUMBIA AND A BEET SUGAR FACTORY IN TABER, ALBERTA.

ROGERS SUPPLIES OVER 90% OF THE WESTERN CANADIAN DEMAND FOR REFINED SUGAR. THE CANADIAN SUGAR MARKET HAS BEEN STABLE OVER THE YEARS, WITH INCREASES IN CONSUMPTION CORRESPONDING TO POPULATION GROWTH.

SUGAR MARKET

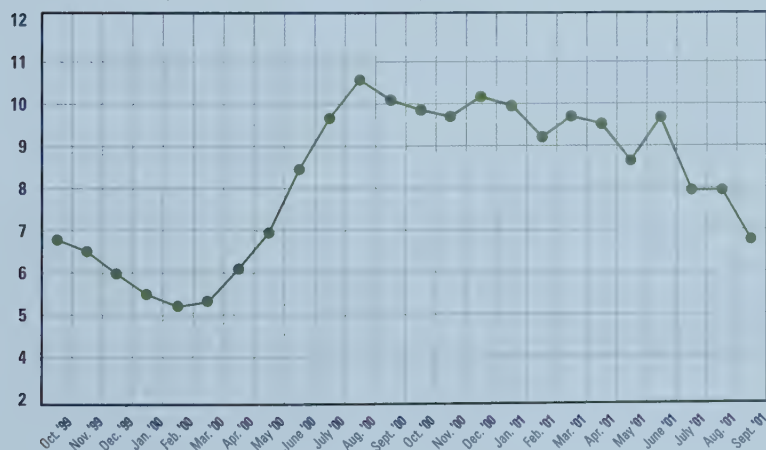
Rogers' sugar prices are based upon the world raw sugar market, traded on the New York Coffee, Sugar & Cocoa Exchange. Unlike other countries, Canada does not subsidize the production or processing of raw sugar.

In the early part of the year, raw sugar prices averaged close to 10 cents per pound. Starting in February, prices declined to the 8 to 9 cent per pound range and fell below 8 cents in August 2001. Again large crops in producing countries like Brazil are one of the major reasons for the recent decline in raw sugar values.

All raw sugar transactions related to the Vancouver cane operation are hedged, thus eliminating gains or losses from raw sugar price movements. At the Taber facility, the raw material is sugar beets, while the selling price of refined sugar is based upon the world price of raw cane sugar. Revenues generated in Taber are shared with the Alberta Beet Growers, as per a Master Agreement.

World Raw Cane Sugar Prices

Nearby Futures Month - N.Y. #11 (cents per pound - Fiscal Monthly Avg.)



With reduced revenues generated from Taber resulting from lower world raw sugar price, the Growers' share was again negatively impacted. As a result, the sharing formula with the Growers was modified for the 2002 crop.

Through this new sharing agreement, Rogers will share a larger portion of the risks related to raw sugar price fluctuations in Taber. Rogers expects to increase the acreage in Taber and therefore improve profitability from that facility.

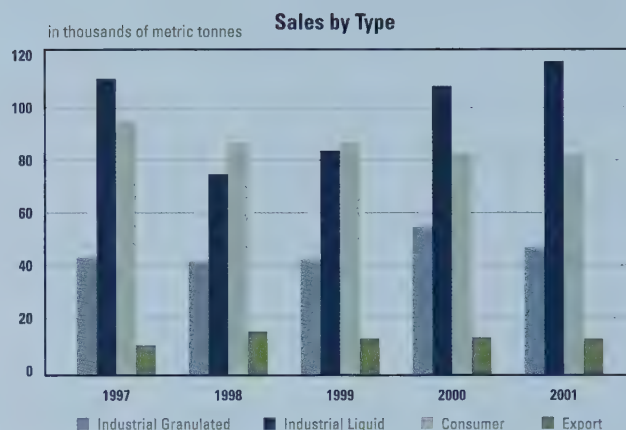
SALES VOLUME

Rogers' sales are in three specific segments: industrial, consumer and liquid products. Rogers is committed to maintaining its market share in the industrial and consumer segments.

Liquid product sales are in part to customers who can substitute liquid sucrose with high fructose corn syrup ("HFCS"). These customers are referred to as liquid substitutable accounts. These accounts have historically been the lowest margin accounts. There are two major factors which influence Rogers' ability to compete for that business

on a year-to-year basis. These factors are the availability of sugar from the Taber facility and the price of raw sugar. In the past two years, these two factors worked in favour of Rogers, and the Company was able to recapture most of the liquid substitutable business from HFCS suppliers.

Sales volume in fiscal 2001 was 261,828 metric tonnes compared to 264,673 in the previous year. This slight decrease was mainly due to a one-time sales to an eastern refiner during fiscal 2000.



BY-PRODUCTS REVENUE

Rogers' gross margin includes a significant contribution from the sales of by-products. Two such by-products, beet pulp and beet molasses are produced in the processing of sugar beets.

The major use of these by-products is animal feed. Beet molasses are also used in yeast manufacturing. Revenues are affected by the price of other commodities, which have animal feed applications such as barley. In the past two years, prices have improved, especially in the beet pulp domestic and Asian markets.

During the year, Rogers signed a ten-year agreement, starting in fiscal 2002, to sell all of its beet molasses to a yeast manufacturer. This agreement will allow improvement and stability on the return of beet molasses sales.

NEW PRODUCTS

Starting in fiscal 2000, Rogers committed itself to the introduction of new products and to the repositioning of some existing products.

First Muscovado and Plantation Raw Cube were introduced in the Fall of 2000. These new products also feature new packaging and design concepts. The sales volume of these new products initially was not significant. However these products are now establishing themselves in the refined sugar market as sales volumes increase consistently every quarter.

In the Summer of 2001, Organic Sugar was introduced. This was an immediate success as initial orders were quickly replenished due to a strong demand. Organic sugar is cane sugar grown on land nourished by natural nutrients and strict crop rotation. The cane syrups are filtered using only natural herbal extracts and vegetable purifiers.

In addition, two other products were repositioned with new packaging designs. These new packaging formats and designs are more in line with Rogers' new products and should attract customers to their uniqueness.

OPERATIONS

The Taber facility produced 113,200 metric tonnes of beet sugar in fiscal 2001, slightly less than the previous year, despite an increase in beets harvested of approximately 80,000 tonnes more than fiscal 2000.

Operations at the Taber facility were adversely affected by two significant events – abnormally early frosts and the failure of the main generator early in the slicing campaign.

Initial expectations for the crop were high as beet yield and sugar content were both very good. However, between September 21 and 23, 2000, the first of two serious frosts occurred, damaging the leaves in many fields. When this occurs, plants begin to regrow once conditions improve, but this is at the expense of sugar content. A second, more serious frost occurred on October 4, 5 and 6, with temperatures dropping to -13°C in some areas. Following this frost, all of the top growth was killed in most fields, halting further accumulation of sugar. With only 20% of the crop harvested by this time, the impact on beet sugar content and quality was severe. Rather than continuing to increase throughout harvest, as normal, the sugar content began to decline. In addition, beets remaining in the field were damaged by the frost and did not store well once harvested. Both the low sugar content and the poor storage conditions resulted in one of the lowest extraction rates in 15 years.

Despite the damage caused by the frost, the factory operated very well during the first month of operations, with record slice rates set on several days. On day 31 of the campaign, the larger of two electrical generators failed suddenly and had to be sent off-site for repairs. The factory operated using purchased power for part of its requirements. However, in the absence of the generator, the steam-reducing capacity required for process heating was limited, resulting in a loss of slicing capacity until repairs were completed.

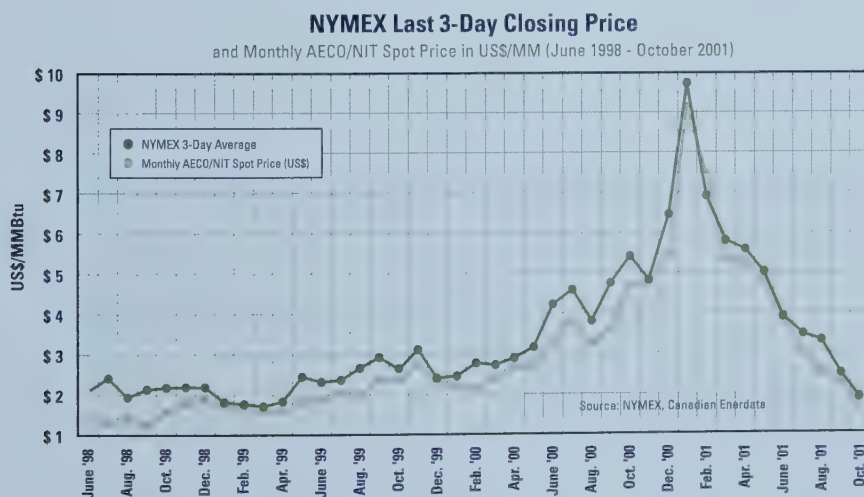
The Vancouver refinery's available capacity was again used during the year. For the third consecutive year, the refinery processed over 150,000 tonnes of raw sugar. It should also be pointed out that the Vancouver refinery is the sole producer of Muscovado and Plantation Raw specialty products, and cube sugar in Canada. In addition, it is the only Canadian refinery to produce a retail syrup which is well known, Rogers Golden Syrup.

ENERGY

During sugar beet or raw sugar processing operations, significant quantities of energy are required for process heating. Sugar beets contain approximately 75% water by weight and additional water is added to extract the sugar from the beets.

As a result, a large amount of water must be evaporated during the process before the sugar can be crystallized.

Up to the end of calendar 1999, the price of natural gas had been very stable. Since that time, the price of natural gas has increased drastically. As of the Spring 2000, Rogers began to hedge its future gas requirements in order to mitigate the spikes of winter months, when natural gas prices usually peak.



Despite this hedging, natural gas prices per gigajoule were almost double that of the previous year. As the chart shows, natural gas peaked in the winter months of 2000/01 and started to decline in the Summer of 2001.

Year over year, Rogers spent over \$9.0 million more in energy, with most of that increase being price related. The longer campaign in Taber, due to the larger crop and generator failure, accounted for less than 15% of that increase.

Natural gas for fiscal 2002 was again hedged in the Spring of 2001. The average hedged prices are slightly lower than those of fiscal 2001, but significantly higher than the current spot market price.

LEGISLATIVE ISSUES

On November 3, 2000, the Canadian International Trade Tribunal ("CITT") extended for a further five years anti-dumping and countervailing duties imposed on imports of refined sugar from the United States and the European Union. Under Canadian law, these duties, initially established in November 1995, must be reviewed every five years.

The duties are important to Rogers because they protect its market from the adverse effects of unfairly traded imports from these sources. Until the sugar programs underlying these distortions are eliminated, the Canadian industry has no hope of avoiding material injury from these imports.

In April 2001, Canada signed a bilateral free-trade agreement with Costa Rica, which included refined sugar. Starting in 2003, the 8% duty on refined sugar imports will be gradually eliminated over a nine-year period for Costa Rican shipments. Costa Rica will gain access to 20,000 tonnes of duty-free quota in 2003, gradually increasing to 40,000 tonnes by 2010.

Rogers and the Canadian sugar refiners oppose the inclusion of refined sugar in bilateral free-trade agreements, such as the one with Costa Rica. The agreement with Costa Rica does not provide any meaningful opportunity for Canadian sugar, the terms of the agreement are not reciprocal in any real commercial sense and the agreement sets a very negative precedent for future trade agreements with Central and South American countries.

The opportunities for the Canadian sugar industry depend on multilateral trade liberalization. For the industry to prosper from new trade agreements, there is a need to combine a substantial increase in access to the U.S. market for both refined beet and cane sugar, as well as the many sugar containing products that force restrictive quotas. It is also important to eliminate the distorting price effects that sugar programs in the U.S. and European Union have on the international refined sugar market.

Rogers supports free and fair trade, but the problem in the Canadian sugar industry is the imbalance in sugar trade policies regionally and globally. While the Canadian sugar market is the most open in the world, trade barriers in natural export markets, like the U.S., prevent the Company from competing outside of its market.

ADMINISTRATION

Rogers is managed by Lantic as outlined in the Management Agreement. Senior management's incentive plan is based equally on the performance of Rogers and of Lantic.

OUTLOOK

The Taber beet crop will be lower in 2002 due to the lower acreage caused mainly by a severe drought in southern Alberta. The shortfall in Taber's production will be transferred to the Vancouver facility.

Rogers will have to assess the viability of supplying the liquid substitutable business in view of the lower sugar output in Taber.

Energy costs are expected to be slightly lower than last year, as most of fiscal 2002 natural gas requirements were priced in the Spring of 2001.

Management's Discussion and Analysis

THE FOLLOWING DISCUSSION AND ANALYSIS REVIEWS THE OPERATING RESULTS OF ROGERS FOR THE YEAR ENDED SEPTEMBER 30, 2001 AND COMMENTS ON THE RISKS AND UNCERTAINTIES WHICH MAY AFFECT THE COMPANY IN THE FUTURE. THIS SHOULD BE READ IN CONJUNCTION WITH THE CONSOLIDATED FINANCIAL STATEMENTS AND NOTES, WHICH ARE FOUND COMMENCING ON PAGES 23-35 OF THIS REPORT.

The following table provides condensed comparative financial results for the years ended September 30, 2001 and 2000.

YEARS ENDED SEPTEMBER 30, 2001 AND 2000

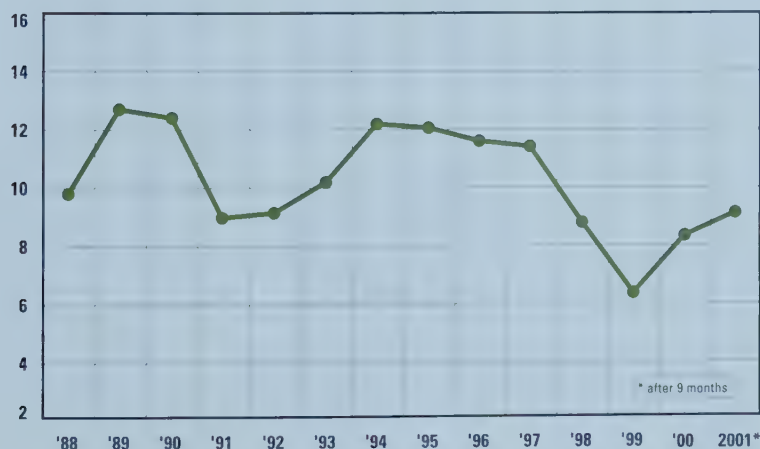
(in thousands of dollars)

	2001	2000
Revenues	\$ 185,430	\$ 180,735
Gross margin	45,084	56,681
Distribution expenses	8,073	7,592
Administration expenses	5,147	5,076
Earnings before interest, income taxes, depreciation and amortization	31,864	44,013
Depreciation and amortization	13,959	14,892
Interest expenses	30,637	40,714
Net loss	\$ (12,928)	\$ (11,640)

The decrease in volume was due to the one-time sale of bulk sugar made in fiscal 2000 to Lantic Sugar Limited, who were in the midst of an expansion. The shortfall of these sales was partially offset with higher liquid volume in the Prairies' market.

World Raw Cane Sugar Prices

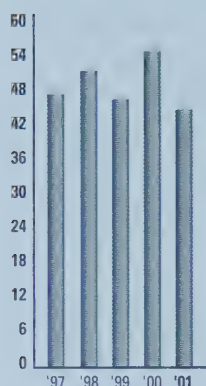
Nearby Futures Month - N.Y. #11 (cents per pound - yr. avg.)



The improvement in revenues is directly related to the increase of by-products revenue of \$2 million and the higher price of raw sugar during the year. By-products revenue increased as the size of the beet crop grew from 840,000 tonnes in 2000 to over 920,000 tonnes in 2001. Prices for beet pulp and beet molasses also increased over the previous year.

Gross Margin

(in millions of dollars)



The average price of raw sugar was higher during the year. Sales prices are based on the New York world raw sugar price (# 11) and as the price increases, the revenues from sugar sales will also increase.

Gross margin was \$11.6 million lower than last year. The price of natural gas almost doubled from the previous year. The energy costs were \$8 million higher in sugar production and \$1.5 million higher in beet pulp production. Taber's costs were also higher than the previous year due to the requirement to process a larger crop and the slowdown which occurred as a result of the generator failure.

Distribution costs increased slightly, mainly as a result of the increase in sales volume in the Prairie market. As production in Taber was approximately the same as the previous year, more sugar was sent from Vancouver to the Prairie market.

An increase in administrative expenses of \$0.1 million was due to CPI increase in services outsourcing fees.

The \$1.0 million decrease in depreciation and amortization reflects mainly the write-off of \$1 million in deferred finance charges in fiscal 2000 following the negotiation of new long-term debt and working capital credit facilities.

Total interest expense decreased to \$30.6 million in 2001 compared to \$40.7 million in 2000. Total interest paid to the Fund was \$20.8 million. The subordinated notes have a variable interest rate, based on the funds generated by Rogers. The interest payment was reduced due to the decrease of \$12.1 million in earnings before interest, income taxes, depreciation and amortization. Other interest expense increased to \$9.8 million in 2001 from \$8.7 million in 2000. All of this increase relates to the higher rate of interest paid on the long-term debentures negotiated in August 2000.

INCOME TAXES

Rogers' current income taxes relate to the Large Corporation Tax that the Company incurred in 2001. The future income taxes are provided on temporary differences, which result primarily from claiming capital cost allowance in excess of depreciation losses carried forward and inventory costing. The significant variance between accounting and taxable income results from the non-deductibility of goodwill amortization for tax purposes.

CASH FLOW

Cash flow from operating activities in fiscal 2001 was negative by \$6.7 million compared to positive cash flow of \$10.3 million in 2000.

The decrease in cash flow resulted mainly from the high margin requirements associated with the gas futures position and from a reduction in accounts payable.

Rogers' distributable cash for 2001 compared to 2000 is as follows:

YEARS ENDED SEPTEMBER 30, 2001 AND 2000

(in thousands of dollars)

Earnings before depreciation, amortization, income taxes and other items

Add:

Additional long-term debt

Less:

Bank and debenture interest

Maintenance capital expenditures

Cash income taxes

Debt refinancing costs

Distributable cash from operations

Contribution from cash pool

Distributable cash flow

	2001	2000
\$	31,864	\$ 44,013
	-	1,500
	9,837	8,714
	1,399	3,301
	575	600
	202	1,078
	19,851	31,820
	-	1,688
\$	19,851	\$ 33,508

A total amount of \$20.8 million was distributed to the Fund during the year. The shortfall in distributable cash flow of \$0.9 million was taken first from the working capital of the previous fiscal year, when distribution to the Fund was \$0.4 million less than distributable cash flow earned in fiscal 2000 plus \$0.5 million from the working capital line of credit. The additional long-term debt of \$1.5 million in fiscal 2000 was for Taber's water cooling tower and had already been reserved under the committed term debt facility. This debt facility was refinanced through a private placement of \$100 million principal amount of senior secured debentures, with no amortization until maturity in August 2005. Fees of \$0.2 and \$1.1 million were incurred in the refinancing of this debt in fiscal 2001 and 2000 respectively.

LIQUIDITY AND CAPITAL RESOURCES

At year end, Rogers had short-term bank indebtedness of \$19 million. The Company has an authorized line of credit of up to \$50 million available to finance its operations. With the refinancing of the long-term debt structure, there is no amortization of the long-term debt until its maturity in August 2005.

With the delay in the start-up of the Taber campaign to October 1, 2001, both inventories and accounts payable were lower than last year.

Cash requirements for working capital and other capital expenditures will be met with funds generated from operations.

ENVIRONMENT

The Company's policy is to meet all applicable government requirements with respect to environmental matters. Except for the use of cooling water at the Vancouver refinery in excess of limits in the Company's permit, management believes that the Company is in compliance in all material respects with environmental laws and regulations.

The Company has not received any notice limiting its production at the Vancouver refinery. The Company started construction of a water cooling device in 2001, which should be completed early in fiscal 2002.

Rogers, through its inactive subsidiary Chatterton Petrochemical Corporation ("Chatterton") and its former subsidiary Kalama Chemical, Inc. ("Kalama"), previously managed the production and sale of specialty chemicals in Canada and the United States. Chatterton ceased operations in June 1992, and Kalama was sold in May 1994.

In 1997, OMI Lantic Holdings, BAI Lantic Holdings (collectively "Lantic Holdings") and Lantic Realco provided a joint and several indemnity in favour of Rogers against any claim imposing liability under environmental law, resulting from the presence, discharge, release or threatened release of any hazardous substance at any of the Kalama properties or the Chatterton property, and any claims relating to environmental matters arising under the Kalama sale agreement.

In arrangements entered in fiscal 2000, Lantic Realco agreed that, prior to the completion of the cleanup of the Chatterton property and the termination or defeasance of the obligations of Rogers with respect to environmental matters under the Kalama sale agreement, (i) it would not use its assets except for specified purposes, including remediation of the properties related to Kalama and Chatterton, and (ii) upon the sale of the Chatterton property, it would deposit \$11.3 million in a trust fund to be used solely to satisfy Lantic Realco's obligations to pay amounts to Rogers under the indemnity. After the said cleanup and termination or defeasance, Lantic Realco may reduce the said trust to \$4.0 million to be held for the same purposes unless released by the Rogers board.

Management monitors, on an on-going basis, estimates of the cost to Rogers to clean up the Kalama properties and the Chatterton property, and to deal with certain previously disclosed claims by the purchaser of Kalama. In addition to the indemnity from Lantic Holdings and Lantic Realco and the supporting arrangements referred to above, Rogers has access to a significant trust fund to pay for costs related to cleanup covered by the indemnity. As well a settlement was reached with the former owner of the Chatterton property under which the former owner released its claim to recover the 50% of clean-up costs it had paid and paid \$1.5 million into an escrow to be available to Lantic Realco upon the conclusion of the clean-up of the Chatterton property. In the Settlement Agreement, the former owner

was released by Rogers, Chatterton, Lantic Holdings, Lantic Realco and its affiliates from substantially all further environmental liability relating to the Chatterton property and was indemnified by Lantic Realco and an affiliate of Lantic Realco from such liability.

Lantic Holdings also obtained for Rogers in 1997 a \$50 million insurance policy to pay on a site by site basis for 90% of the clean-up cost of the Kalama and Chatterton properties above those estimated when the policy was issued.

The insurance policy remains in force and a number of claims have been made against the policy (and with minor exceptions, have been paid by the insurer) with respect to the only site where clean-up costs have, to date, exceeded the clean-up cost estimated at the time that the insurance was acquired. With the environmental indemnity and recourse to the other funding sources referenced above, Rogers' management believes Rogers has no significant risk of material loss or expense as a result of historic environmental issues relating to the Kalama or Chatterton properties or to the Kalama sale agreement.

OUTLOOK

In Taber, sugar beet output will be much lower in 2002, as the acreage was reduced to slightly more than 28,000 due mainly to a severe drought in southern Alberta.

The Taber sugar output, estimated at 75,000 to 80,000 tonnes, will force Rogers to assess the viability of the liquid substitutable business in the Prairie market. The Vancouver refinery will produce any shortfall to meet sales demand.

Imports from non-subject countries are putting Rogers under pressure. The bilateral Free-Trade Agreement with Costa Rica, or any other similar agreement negotiated with other Central American countries, poses a threat to Rogers sales margins.

Most of the natural gas to be used in fiscal 2002 was hedged in the Spring of 2001 at rates slightly lower than fiscal 2001, which will lower the operating costs of the plants and improve profitability.

Export margins earned on the U.S. quota will also be better in fiscal 2002 as U.S. refining prices have increased from the previous year.

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements (the "financial statements") of Rogers Sugar Ltd. and all the information in this annual report pertaining to Rogers Sugar Ltd. are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects. Management has prepared the financial information of Rogers Sugar Ltd. presented elsewhere in the annual report and has ensured that it is consistent with the financial statements of the Company.

Rogers Sugar Ltd. maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements of the Company. The Board carries out this responsibility through its Audit Committee.

The Audit Committee is appointed by the Board and the majority of its members are outside and unrelated directors. The committee meets with management, as well as external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities and to review the annual report, the financial statements and the external auditors' report. The committee reports its findings to the Board for consideration when approving the financial statements for issuance to the shareholder. The committee also considers, for review by the Board and approval by the shareholder, the engagement or re-appointment of the external auditors.

The financial statements of the Company have been audited by KPMG LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the shareholder. KPMG LLP has full and free access to the Audit Committee.



Pierre G. Côté
President and Chief Executive Officer



Daniel L. Lafrance
Senior Vice-President of Finance
and Chief Financial Officer

November 2, 2001

Auditors' Report to the Shareholders

We have audited the consolidated balance sheets of Rogers Sugar Ltd. as at September 30, 2001 and 2000 and the consolidated statements of earnings, deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



KPMG LLP
Chartered Accountants
Montreal, Canada
November 2, 2001

Consolidated Balance Sheets

SEPTEMBER 30, 2001 AND 2000

(in thousands of dollars)

	2001	2000
ASSETS		
Current assets:		
Accounts receivable (note 3)	\$ 23,837	\$ 21,498
Inventories	9,427	14,678
Prepaid expenses	572	1,573
Advances to beet growers	1,480	-
Future income taxes (note 15)	3,170	2,703
	38,486	40,452
Capital assets (note 4)	242,682	254,682
Notes receivable (note 5)	178,000	178,000
Future income taxes (note 15)	3,632	3,720
Other assets (note 6)	1,000	1,058
Defined benefit pension plan asset (note 9)	5,512	4,580
	\$ 469,312	\$ 482,492
LIABILITIES AND DEFICIENCY IN SHAREHOLDERS' EQUITY		
Current liabilities:		
Bank overdraft and revolving credit facility (note 7)	\$ 19,023	\$ 10,677
Accounts payable and accrued liabilities (note 8)	19,839	25,209
Accrued liability to beet growers	-	3,459
	38,862	39,345
Other employee future benefits (note 9)	5,026	4,795
Long-term debt (note 10)	100,000	100,000
Subordinated notes (note 11)	278,261	278,261
Redeemable Class A and B special shares (note 12)	178,000	178,000
	600,149	600,401
Deficiency in shareholders' equity:		
Share capital (note 13)	102,701	102,701
Deficit	(233,538)	(220,610)
	(130,837)	(117,909)
Commitments and contingencies (note 18)		
	\$ 469,312	\$ 482,492

See accompanying notes to consolidated financial statements.

On behalf of the Board:



Dallas H. Ross
Director



James S. A. MacDonald
Director

Consolidated Statements of Earnings

YEARS ENDED SEPTEMBER 30, 2001 AND 2000

(in thousands of dollars)

	2001	2000
Revenues	\$ 185,430	\$ 180,735
Cost of sales	140,346	124,054
Gross margin	45,084	56,681
Expenses:		
Distribution	8,073	7,592
Management and services outsourcing fees (note 16)	4,647	4,536
Depreciation and amortization (note 14)	13,959	14,892
Other	500	540
	27,179	27,560
Earnings before interest and provision for income taxes	17,905	29,121
Interest on long-term debt	28,967	38,986
Other interest expense	1,670	1,728
	30,637	40,714
Loss before provision for income taxes	(12,732)	(11,593)
Provision for (recovery of) income taxes (note 15):		
Current	575	600
Future	(379)	(553)
	196	47
Net loss	\$ (12,928)	\$ (11,640)

Consolidated Statements of Deficit

YEARS ENDED SEPTEMBER 30, 2001 AND 2000

(in thousands of dollars)

	2001	2000
Deficit, beginning of year:		
As previously reported	\$ (220,610)	\$ (208,706)
Adoption of new accounting standard for employee future benefits (note 1)	-	(264)
As restated	(220,610)	(208,970)
Net loss	(12,928)	(11,640)
Deficit, end of year	\$ (233,538)	\$ (220,610)

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

YEARS ENDED SEPTEMBER 30, 2001 AND 2000

(in thousands of dollars)

	2001	2000
Cash flows from operating activities:		
Net loss	\$ (12,928)	\$ (11,640)
Adjustments for items not involving cash:		
Depreciation and amortization	13,959	14,892
Future income taxes	(379)	(553)
Employee future benefits and other	(701)	866
	(49)	3,565
Changes in non-cash operating working capital:		
Accounts receivable	(2,339)	(3,423)
Inventories	5,251	5,249
Prepaid expenses	1,001	380
Payments to beet growers	(4,939)	737
Accounts payable and accrued liabilities	(5,670)	926
Cash in escrow	-	2,824
	(6,696)	6,693
	(6,745)	10,258
Cash flows from financing activities:		
Increase (decrease) in bank overdraft and revolving credit facility	8,346	(5,406)
Deferred financing charges	(202)	(1,078)
Net increase in long-term debt	-	1,500
Return of capital	-	(1,038)
	8,144	(6,022)
Cash flows from investing activities:		
Additions to capital assets	(1,399)	(4,236)
Net change in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year and end of year	\$ -	\$ -
Supplemental cash flow disclosure:		
Interest paid	\$ 34,144	\$ 39,796
Income taxes paid	575	600
Fixed assets included in accounts payable	650	350

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

YEARS ENDED SEPTEMBER 30, 2001 AND 2000 (tabular amounts expressed in thousands of dollars)

1. CHANGE IN ACCOUNTING POLICY:

Employee future benefits:

In 2000, Rogers Sugar Limited adopted the new Canadian Institute of Chartered Accountants' (CICA) recommendations related to the accounting for employee future benefits. Specifically, the standard outlines guidance for the accounting for pension, post-retirement and workers compensation costs. In accordance with the transitional provisions of the new standard, the Company has applied the recommendations retroactively but has not restated comparative periods.

The cumulative effect of the adoption of the new standard of \$264,000 has been recorded as an increase to opening deficit in fiscal 2000.

2. SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of presentation:

The financial statements include the accounts of the Company's subsidiaries, all of which are inactive.

(b) Revenue recognition:

Revenue is recognized at the time sugar products are shipped to customers.

(c) Inventories:

Cane sugar inventory is valued at the lower of cost and net realizable value adjusted for unrealized gains or losses on forward sugar purchase and sale commitments. A base quantity of 35,000 tons of cane sugar is valued at \$85 per ton, which is less than market value. Beet sugar inventory and all other inventories are valued at the lower of cost and net realizable value.

The Company, in the normal course of business, enters into foreign exchange futures contracts for the purpose of hedging its foreign exchange exposure for cane sugar purchases and sales commitments. These futures contracts are accounted for as hedges and all gains and losses are recognized in cost of sales.

(d) Capital assets:

Capital assets are carried at cost. Depreciation is provided over the estimated useful life of the related asset. Capital assets are depreciated or amortized on a straight-line basis using the following annual rates:

ASSET	RATE
Buildings and improvements	2.5 %
Plant and equipment	5 %
Furniture and fixtures	20 %
Goodwill	5 %

Goodwill is amortized on a straight-line basis over 20 years. The Company regularly evaluates the net carrying value of capital assets including goodwill for possible impairment in value. Impairment would be recognized if the net carrying value was not expected to be recovered in the future. Such evaluations include comparison of current and anticipated operating earnings, assessment of future operating funds and other relevant factors. The basis for measurement of this recovery is management's expectation of future non-discounted operating cash flow.

Notes to Consolidated Financial Statements

YEARS ENDED SEPTEMBER 30, 2001 AND 2000 (tabular amounts expressed in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(e) Income taxes:

The Company follows the asset and liability method for accounting for income taxes. Under the asset and liability method, the change in the net future tax asset and liability is to be included in income. Future tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled.

(f) Employee future benefits:

The Company has defined benefit pension plans covering substantially all of its employees. The benefits are based on years of service and the employee's compensation. The Company also sponsors defined benefit life insurance, disability plans and medical benefits, for substantially all retirees and employees.

The Company accrues its obligations under employee benefit plans as the employees render the services necessary to earn pension and other employee future benefits.

The Company has adopted the following policies:

- The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected benefit method pro rated on service and management's best estimate of expected plan investment performance, salary escalation, retirement ages and expected health care costs.
- For the purpose of calculating the expected return on plan assets, those assets are valued at fair value.
- Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of the amendment.
- The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service period of active employees.

(g) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates are related to the valuation of inventories, the determination of recoverability of capital assets and the rates for depreciation and amortization. Actual results could differ from those estimates.

3. ACCOUNTS RECEIVABLE:

	2001	2000
Trade	\$ 14,250	\$ 18,892
Receivable from commodity brokers	7,285	18
Other	2,302	2,588
	\$ 23,837	\$ 21,498

Notes to Consolidated Financial Statements

YEARS ENDED SEPTEMBER 30, 2001 AND 2000 (tabular amounts expressed in thousands of dollars)

4. CAPITAL ASSETS:

	Cost	Accumulated depreciation	2001 Net book value	2000 Net book value
Land	\$ 15,788	\$ -	\$ 15,788	\$ 15,788
Buildings and improvements	12,771	1,015	11,756	11,938
Plant and equipment	60,581	8,604	51,977	54,203
Furniture and fixtures	1,326	865	461	612
Construction in progress	896	-	896	225
	91,362	10,484	80,878	82,766
Goodwill	202,253	40,449	161,804	171,916
	\$ 293,615	\$ 50,933	\$ 242,682	\$ 254,682

5. NOTES RECEIVABLE:

The notes receivable represent the proceeds from the sale of investment in Lantic Sugar Limited and Refined Sugars Inc., then wholly-owned subsidiaries of the Company, on October 8, 1997 prior to the acquisition of the Company by Rogers Sugar Income Fund (RSIF).

The notes bear no interest and have no fixed terms of repayment except that they can be used to redeem the special Class A and B shares.

6. OTHER ASSETS:

	2001	2000
Deferred financing charges	\$ 1,000	\$ 1,058

Deferred financing charges reflect the cost to obtain the credit facilities. These deferred financing charges are amortized over the term of the credit facilities.

7. BANK OVERDRAFT AND REVOLVING CREDIT FACILITY:

On August 25, 2000, the Company refinanced its existing revolving credit facility with the Bank of Nova Scotia. The terms of the new credit facility extend to August 25, 2004. The revolving credit facility is for the Company's operations and drawdowns are subject to certain restrictions. This facility is secured by the accounts receivable and inventory.

The credit facility bears interest at prime rate plus 0.25% to 0.75% or Bankers' Acceptance rate plus 1.0% to 1.75% determined on the basis of meeting a financial ratio, and a standby fee of 0.20% to 0.375%. The revolving credit facility is subject to extension at terms to be agreed upon with the lenders. The interest rate for the year was approximately 6.25% (2000 - 7.38%).

Notes to Consolidated Financial Statements

YEARS ENDED SEPTEMBER 30, 2001 AND 2000 (tabular amounts expressed in thousands of dollars)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES:

	2001	2000
Trade and accrued liabilities	\$ 15,439	\$ 17,209
Due to Rogers Sugar Income Fund	4,400	8,000
	\$ 19,839	\$ 25,209

The amount due to Rogers Sugar Income Fund represents the interest earned on the subordinated notes. The amount was paid subsequent to year-end.

9. EMPLOYEE FUTURE BENEFITS:

The Company sponsors a contributory defined pension plan for its salaries employees, as well as health care benefits, provincial medical plans and life insurance coverage.

The significant actuarial assumptions adopted in measuring the Company's accrued benefit obligations are as follows:

	Pension benefit plan		Other benefit plans	
	2001	2000	2001	2000
Discount rate	6.75 %	7.25 %	7.00 %	7.25 %
Expected long-term rate of return on plan assets	7.00 %	7.00 %	N/A	N/A
Rate of compensation increase	4.50 %	4.50 %	4.50 %	4.50 %

The assumed health care cost trend rate at September 30, 2001 was 5.8% (2000 - 6.2%) decreasing to 4.2% (2000 - 4.2%) in 2004/2005.

The Company's net benefit plan expense is as follows:

	Pension benefit plan		Other benefit plans	
	2001	2000	2001	2000
Current service cost	\$ 440	\$ 484	\$ 111	\$ 113
Interest cost	2,144	1,975	337	322
Expected return on plan assets	(2,654)	(2,350)	-	-
Amortization of past service cost	172	-	-	-
Amortization of actuarial gain	(92)	-	-	-
(Decrease) increase in valuation allowance	(942)	139	-	-
Net benefit plan (income) expense	\$ (932)	\$ 248	\$ 448	\$ 435

Notes to Consolidated Financial Statements

YEARS ENDED SEPTEMBER 30, 2001 AND 2000 (tabular amounts expressed in thousands of dollars)

9. EMPLOYEE FUTURE BENEFITS (CONTINUED):

Information about the Company's defined benefit plans is as follows:

	Pension benefit plan		Other benefit plans	
	2001	2000	2001	2000
Accrued benefit obligation:				
Balance at beginning of year	\$ 28,542	\$ 29,159	\$ 4,649	\$ 4,620
Current service cost	440	484	111	113
Interest cost	2,144	1,975	337	322
Benefits paid	(2,241)	(2,368)	(217)	(260)
Plan amendments	2,521	-	-	-
Actuarial losses (gains)	1,730	(708)	100	(146)
Employee contributions	72	-	-	-
Balance at end of year	\$ 33,208	\$ 28,542	\$ 4,980	\$ 4,649
Plan assets:				
Fair value at beginning of year	\$ 38,947	\$ 34,709	\$ -	\$ -
Actual return on plan assets	(3,793)	6,565	-	-
Employer contributions	-	41	217	260
Employee contributions	72	-	-	-
Benefits paid	(2,241)	(2,368)	(217)	(260)
Balance at end of year	\$ 32,985	\$ 38,947	\$ -	\$ -
Funded status - plan surplus (deficit)	\$ (223)	\$ 10,405	\$ (4,980)	\$ (4,649)
Unamortized net actuarial (gains) losses	3,386	(4,923)	(46)	(146)
Unamortized net past service cost	2,349	-	-	-
Valuation allowance	-	(902)	-	-
Accrued benefit asset (liability), net of valuation allowance	\$ 5,512	\$ 4,580	\$ (5,026)	\$ (4,795)

Notes to Consolidated Financial Statements

YEARS ENDED SEPTEMBER 30, 2001 AND 2000 (tabular amounts expressed in thousands of dollars)

10. LONG-TERM DEBT:

	2001	2000
Debentures	\$ 100,000	\$ 100,000

On August 25, 2000, the Company refinanced its long-term debt by issuing \$100 million in debentures. These debentures have an annual interest rate yield of 8.173% and interest is payable on a quarterly basis on November 25, February 25, May 25 and August 25 of each calendar year. The debentures mature on August 26, 2005 at which point repayment of principal is due in full. The long-term debt is secured by all the assets of the Company, except accounts receivable and inventory which serve as security for the revolving credit facility (note 7).

11. SUBORDINATED NOTES:

The Company has subordinated notes payable of \$278,260,870. All of the notes are held by RSIF and bear a variable interest rate based on the Company's earnings before interest, taxes, depreciation and amortization and working capital requirements subject to a ceiling of 11.5%, and a floor of 6% per annum (2000 - fixed rate of 11.5%). The subordinated notes come due on October 15, 2027.

12. REDEEMABLE CLASS A & B SPECIAL SHARES:

	2001	2000
133,500,000 Class A shares	\$ 133,500	\$ 133,500
44,500,000 Class B shares	44,500	44,500
	\$ 178,000	\$ 178,000

Class A shares, non-voting, no dividend.

Class B shares voting, on a pro rata basis equal to 10.01% of the voting trust agreement between Balaclava Acquisition Inc. and RSIF. RSIF is entitled to vote the Class B shares.

The redeemable Class A and the Class B shares are retractable and can be settled at the Company's option by delivery of the Notes receivable having respective face values of \$133.5 million and \$44.5 million.

13. SHARE CAPITAL:

	2001	2000
Issued:		
41,504,800 common shares	\$ 102,701	\$ 102,701
1 Class C share	-	-
	\$ 102,701	\$ 102,701

Authorized common shares, unlimited, voting, held by RSIF.

The Class C share is redeemable by the Company for \$1 upon the termination of the Governance Agreement. The Class C share entitles the holder to elect three of the five directors of the Company but has no other voting rights at any meetings of shareholders of the Company, except as may be required by law.

On amalgamation on October 8, 1997, common shares with a value of \$103,739,130 were issued to RSIF. During fiscal 2000, the Company returned \$1,037,620 of capital to RSIF.

Notes to Consolidated Financial Statements

YEARS ENDED SEPTEMBER 30, 2001 AND 2000 (tabular amounts expressed in thousands of dollars)

14. DEPRECIATION AND AMORTIZATION:

Depreciation and amortization are comprised of the following:

	2001	2000
Depreciation of capital assets	\$ 3,587	\$ 3,464
Amortization of goodwill	10,112	10,112
Amortization of deferred financing charges	260	1,316
	\$ 13,959	\$ 14,892

15. INCOME TAXES:

The provision for income taxes differs from the amount computed by applying the Canadian federal and provincial rates to loss before provision for income taxes. The reasons for the difference and the related tax effects are as follows:

	2001	2000
Loss before provision for income taxes	\$ (12,928)	\$ (11,593)
Expected rate	35 %	37 %
Expected refund	(4,525)	(4,289)
Adjustments to expected refund:		
Amortization of goodwill	3,539	3,742
Other differences	607	(6)
	4,146	3,736
Large corporation tax	575	600
Income tax expense	\$ 196	\$ 47
Represented by:		
Current income tax expense	\$ 575	\$ 600
Future income tax recovery	(379)	(553)
Income tax expense	\$ 196	\$ 47

The future income tax assets (liabilities) comprise the following temporary differences:

	2001	2000
Current:		
Inventory reserve	\$ 3,170	\$ 2,703
Long-term:		
Capital assets	\$ 1,827	\$ 748
Losses carried forward	1,985	2,892
Employee future benefits	(180)	80
	\$ 3,632	\$ 3,720

No valuation allowance was recorded for the current and long-term future income tax assets.

Notes to Consolidated Financial Statements

YEARS ENDED SEPTEMBER 30, 2001 AND 2000 (tabular amounts expressed in thousands of dollars)

16. RELATED PARTY TRANSACTIONS:

	2001	2000
Interest to Rogers Sugar Income Fund	\$ 20,800	\$ 32,000
Management and services outsourcing fees	4,647	4,536
Sales to Lantic Sugar Limited ("Lantic")	6,700	8,200
Purchases from Lantic	670	-

Management Agreement

Lantic provides strategic management services to the Company. The initial term of the Management Agreement, which may be terminated by the Company under certain circumstances, is for 15 years ending October 8, 2012, renewable thereafter for successive five-year terms and provides for an annual fee of \$300,000.

Services Outsourcing Agreement

Lantic provides the Company with selling, general and administrative services other than services relating to distribution cost. The initial term of the Outsourcing Agreement, which may be terminated by the Company under certain circumstances, is 15 years ending October 8, 2012, renewable thereafter for successive five-year terms and provides for an annual fee of \$4.1 million, adjusted for fluctuations in the consumer price index.

The Company's sales to and purchases from Lantic are made in the normal course of business and are recorded at the amount of consideration established and agreed to by the related parties. As at September 30, 2001, the Company owed Lantic \$0.4 million (2000 - Lantic owed \$3.173 million to the Company).

17. FINANCIAL INSTRUMENTS:

(a) Current assets and liabilities:

The carrying value of financial instruments in current assets and liabilities approximates their fair values based on the short-term maturity of those instruments.

(b) Long-term debt and subordinated notes:

Long-term debt, which was refinanced on August 25, 2000 (see note 10), is recorded on the balance sheet at a cost amount of \$100 million as at September 30, 2001 (2000 - \$100 million) with an approximate fair market value of \$104 million (2000 - \$100 million). The fair value of the long-term debt was calculated using the present value of future payments of principal and interest discounted at the current market rates of interest available to the Company for the same or similar debt instruments with the same remaining maturities. The fair value of the subordinated notes is not practicable to determine given the many factors, terms and conditions that would influence such a determination.

(c) Foreign exchange contracts:

The Company's activities which result in exposure to fluctuations in foreign currency exchange rates consist of the purchasing of raw sugar and the selling of refined sugar. The Company manages this exposure by creating offsetting positions through the use of financial instruments. These instruments include forward contracts, which are commitments to buy or sell at a future date, and may be settled in cash.

The credit risk associated with foreign exchange contracts arises from the possibility that a counterparty to a foreign exchange contract in which the Company has an unrealized gain fails to perform according to the terms of the contract. The credit risk is much less than the notional principal amount, being limited at any time to the change in foreign exchange rates attributable to the principal amount.

Notes to Consolidated Financial Statements

YEARS ENDED SEPTEMBER 30, 2001 AND 2000 (tabular amounts expressed in thousands of dollars)

17. FINANCIAL INSTRUMENTS (CONTINUED):

Forward foreign exchange contracts have maturities of less than two years and relate exclusively to U.S. currency. The counterparty to these contracts is a major Canadian financial institution. The Company does not anticipate any material adverse effect on its financial position resulting from its involvement in these types of contracts, nor does it anticipate non-performance by the counterparties.

As at September 30, 2001, the Company had outstanding forward foreign exchange contracts with maturities of less than two years to sell US currency aggregating US\$19,275,000 (2000 - US\$18,504,000). Outstanding forward foreign exchange contracts had an unrealized gain position of approximately \$1,055,000 (2000 - unrealized gain of \$497,000). The net positions are sensitive to changes in foreign exchange rates.

(d) Gas hedging program:

The Company established a hedging program in 2000 to mitigate the effects of gas price changes on its operating margins and overall profitability. The Company also monitors its hedging positions and the credit ratings of its counterparties and does not anticipate losses due to counterparty non-performance. At September 30, 2001, the Company has hedged most of the estimated fiscal 2002 gas consumption and outstanding gas futures had an unrealized loss position of approximately \$4,290,000 (2000 - unrealized gain of \$1,150,000).

(e) Trade receivables:

The Company grants credit to its customers under the ordinary course of business. Concentrations of credit risk are limited due to the broad base of consumers and their dispersion across different market segments.

18. COMMITMENTS AND CONTINGENCIES:

Environmental matters:

The Company is subject to laws and regulations concerning the environment and to the risk of environmental liability inherent to its activities relating to its past and present operations. In addition, certain inactive subsidiaries and former subsidiaries are or could be named party to certain claims in respect of environmental matters. The Company has obtained at the time of the acquisition by RSIF an environmental indemnification for matters existing as at October 8, 1997. The Company has also insurance to cover costs incurred for environmental matters. Although the effect on operating results and liquidity, if any, cannot be reasonably estimated, management believes, based on current information, that environmental matters will not have a material adverse effect on the Company's financial condition.

19. COMPARATIVE FIGURES:

Certain of the 2000 comparative figures have been reclassified to conform with the basis of presentation adopted in the current year.

Rogers Sugar Income Fund

Fund Information

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Consultant

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Wallding International Inc.

James S.A. MacDonald *
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Board of Directors

Rogers Sugar Ltd.

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Sales, Marketing & Logistics

Daniel L. Lafrance
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Chief Financial Officer
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